Inland Revenue

Notes for MINISTERS OF RELIGION

CONTENTS

Filling in the Ministers of Religion Pages	MN1
■ *Why separate Pages for ministers?*	MN1
■ *How are ministers taxed?*	MN1
■ *What income should I include?*	MN1
Income as a minister of religion	MN1
■ *Income*	MN1
• Salary or stipend	MN2
• Fees, offerings, gifts and grants, personal expenses and vicarage or manse expenses paid for you, living accommodation, vouchers and credit cards, round-sum expenses and rent allowances, mileage allowances	MN2
• Other income from your post or appointment	MN3
■ *Benefits and expenses payments received*	MN3
• Car and car fuel benefits, vicarage or manse services and benefits, interest-free and low-interest loans	MN3
• Other benefits and expenses payments made to you	MN4
■ *Taxable income, benefits and expenses received*	MN4
Expenses paid out as a minister of religion	MN4
• Rent, maintenance, repairs and insurance of vicarage, manse etc., travelling expenses and capital allowances and books	MN5
• Stationery, postage and telephone, robes and expenses of divine service, secretarial expenses, service benefit cap, other expenses	MN6
Other income as a minister of religion	MN6
■ *Chaplaincy income*	MN6
■ *Any other income as a minister*	MN6
■ *Clergy pension*	MN6
■ *Lump sum and compensation payments including such payments from the Church in which you formerly held an office or employment*	MN6
■ *Foreign earnings and foreign earnings deduction*	MN7
■ *Foreign tax*	MN7
Student Loans	MN7
■ *Student Loans repaid by deduction by employer*	MN7

HELP SHEETS AND LEAFLETS

Help Sheets and leaflets giving more detailed information about particular tax rules for the Ministers of Religion Pages are available from the Orderline.

- *IR125: Using your own car for work*
- *IR134: Income Tax and National Insurance contributions on relocation packages*
- *IR136: Income Tax and company vans - a guide for employees and employers*
- *IR201: Vouchers, credit cards and tokens*
- *IR202: Living accommodation*
- *IR203: Car benefits and car fuel benefits*
- *IR204: Lump sums and compensation payments*
- *IR205: Foreign Earnings Deductions for Seafarers*
- *IR206: Capital allowances for employees and office holders*
- *IR207: Non-taxable payments or benefits for employees*
- *IR211: Employment - residence and domicile issues*
- *IR214: Service benefits connected with job-related living accommodation*
- *Booklet 480: Expenses and Benefits - A Tax Guide*

Filling in the Ministers of Religion Pages

Gather together the material you need, such as:

- your P60 (or a P14 if you operated PAYE directly yourself)
- P11D, P9D or equivalent information if you received benefits or expenses payments
- receipts for allowable expenditure you have incurred
- any Help Sheets you have asked for.

Fill in these Pages if you were:

- a minister of religion holding any post or appointment as such, **or**
- an employee and the duties of your employment consisted of acting wholly or substantially as a minister of religion.

■ Why separate Pages for ministers?

Some tax rules apply only to clergymen and ministers of religion. Also the sorts of income you get and the expenses you incur may be different from other taxpayers. These Notes will help you to understand the special rules, give you some guidance about various sorts of income and tell you what expenses you can deduct to get your taxable amount.

■ How are ministers taxed?

The same tax rules apply to ministers of all faiths, religions and denominations. These notes cover tax law in general terms and for brevity use some common words. For example references to a 'church' include references to a mosque, stupa, synagogue, temple, and so on, and any body of persons representing or acting on behalf of these. 'Vicarage or manse' includes any building in which you reside and from which you perform the duties of your ministry.

If the particular circumstances of your ministry are not covered in these Notes, ask your Inland Revenue office or tax adviser for guidance. Most ministers are office holders or employees and pay tax on the income from any offices or employments they hold. These Pages cater for this income. If you think you are self-employed, ask the Orderline for the Self-employment Pages.

■ What income should I include?

Include any income connected with your posts or appointments as a minister, such as fees from weddings and funerals, and chaplaincy income. Enter income not connected with your ministry (or capital gains) elsewhere in your Tax Return. See your Tax Return Guide for help.

Income as a minister of religion

■ Income

Give details of the full amount of your gross income before expenses, even if you have made over some of that income to a charity.

SA101M(Notes)

- Salary or stipend

boxes 1M.1 and 1M.2 Enter here the gross amount (before Income Tax and National Insurance contributions are taken off) you received in the tax year and the PAYE tax deducted. These figures will be shown on your P60 (or P45(Part 1A) if your post or appointment ceased in the year). If you calculated your own PAYE using the Direct Collection or Direct Payment procedure, enter the amount shown for the year on your part of the form P14.

If you received a lump sum payment that you have to enter in boxes 1M.43 to 1M.47 **and** the payment was included on your P45, make sure you deduct the full amount of the payment (before tax) from the figure you enter in box 1M.2. In such a case do not make any adjustment to the amount of PAYE tax deducted entered in box 1M.1. This remains the figure shown on your P60 or P45.

- Fees

box 1M.3 Enter the total of the fees due to you for services (marriages, burials and cremations for instance), preaching or other activities of your ministry.

If fees are included with your salary in the P60 figure you have entered in box 1M.2, do not enter them again in box 1M.3.

- Offerings

box 1M.4 Any offerings or collections that you can keep by right, tradition or custom form part of your taxable income. Enter the total for the year.

- Gifts and grants

boxes 1M.5 and 1M.6 Enter in box 1M.6 the total of any gifts and grants that increase your income and you receive in your capacity as a minister. Do not include personal gifts, such as birthday presents unconnected with your ministry, or gifts and lump sum grants made to you in order to alleviate hardship peculiar to your own personal circumstances. Grants given to clergymen generally, rather than by reference to your particular personal circumstances, are taxable and should be included here. If you are unsure if a grant is taxable, ask your Inland Revenue office or tax adviser.

Enter any UK tax deducted in box 1M.5.

If a taxable gift is made in kind (for instance, a gift of a motor car), the taxable value depends on whether your earnings were at a rate of £8,500 a year or more (see 'Benefits and expenses payments received' on page MN3). If they were, the taxable value may depend on the nature of the asset and whether it has been used or depreciated before it was given to you. See booklet 480: *Expenses and Benefits - A Tax Guide*, available from the Orderline, or ask your Inland Revenue office or tax adviser for help. If your earnings (including the gift) were at a rate of less than £8,500 a year, the taxable value is what you could sell the gift for, that is, its second hand value. This value should be used whether or not you actually sell it.

- Personal expenses, and vicarage or manse expenses, paid for you

box 1M.7 Enter the total amount of any personal bills or expenses (for instance, if the Church Council pays a repair bill for your car), and any bills for lighting, heating and maintaining your vicarage or manse for which you are responsible, and which have been paid for you. You may be able to claim a deduction for some of these amounts. See the notes for boxes 1M.24 to 1M.32 on pages MN5 and MN6.

If you are a full-time minister and a church corporation or charity provides you with accommodation to live in and from which you perform the duties of your ministry, then certain amounts paid on your behalf or made good to you are not taxable. These are Council Tax, general rates (Northern Ireland) and water charges. Do not include them in your taxable income.

If your earnings from your post or appointment (including benefits and expenses) were at a rate of less than £8,500 a year, some vicarage expenses are not taxable. See the note for box 1M.23 on page MN4 for more information, but you must, in any event, give details of the expenses in box 1M.7.

- Living accommodation, vouchers and credit cards

box 1M.8 If you are provided with living accommodation from which you carry out your ministry, the value of your private occupation of the accommodation is normally exempt from tax. However, if your post is administrative rather than pastoral the value of accommodation provided to you is taxable. Your church may have given you a figure for this. Ask the Orderline for *Help Sheet IR202: Living accommodation* if you wish to check this or work out the figure yourself.

Your income, with some exceptions, includes the value of any vouchers and the value of goods or services obtained with a credit card or token provided to you by reason of your post or appointment. If you need further information so that you can check figures given to you by your church, or work them out yourself, ask the Orderline for *Help Sheet IR201: Vouchers, credit cards and tokens*. If you used the vouchers or credit card to meet expenses of your job, include the value before any deduction in box 1M.8 and claim a deduction for any allowable expenses in boxes 1M.24 to 1M.32 - see notes starting on page MN5.

- Round-sum expenses and rent allowances

boxes 1M.9 and 1M.10 Enter the total of any round-sum allowances paid to you, and any UK tax deducted unless these are included in the figures on your P60. Also include any allowance paid to you to help you meet rent or mortgage payments. You may be able to claim a deduction for the expenses you pay out of a round-sum allowance or for part of any rent you pay. Do this in boxes 1M.24 to 1M.32 - see the notes starting on page MN5.

- Mileage allowances - your own transport

box 1M.11 If you are paid an allowance for using your own car, motorbike or bicycle for business journeys, the amount you receive may be more than the amount of tax relief you can claim. The extra is a taxable profit; enter this in box 1M.11. If the amount you receive is less than the amount of the tax relief, the excess can be entered in box 1M.26. Information about how to calculate the amount of tax relief you can set-off against mileage allowance is contained in the notes about box 1M.26 on page MN5.

If you use your own car your church may have an arrangement with the Inland Revenue called a Fixed Profit Car Scheme. If so, your church will give you either:

- details of the profit figure for the use of your car to be entered in box 1M.11, **or**
- details of both the amount of mileage allowance paid to you in the year and the number of business miles for which the payments were made.

More information about these schemes, and about motor expenses, is in leaflet *IR125: Using your own car for work*, available from the Orderline.

- Other income from your post or appointment

boxes 1M.12 and 1M.13 Enter in boxes 1M.12 and 1M.13 the amount of any other income (and UK tax on that income) from your post or appointment. If you hold a chaplaincy because it goes with your post by right, tradition or custom, then include the income from it here. However, income (and tax deducted from that income) from chaplaincies that are separate from your main appointment should be included in boxes 1M.35 and 1M.36.

Balancing charges

If you have disposed of an asset for which you have claimed capital allowances, include any balancing charge in box 1M.13. If you need help, ask the Orderline for *Help Sheet IR206: Capital allowances for employees and office holders*, or, if the asset was a car, leaflet *IR125: Using your own car for work*.

box 1M.14 Add up figures in boxes 1M.1, 1M.5, 1M.9 and 1M.12 and enter the result in box 1M.14.

box 1M.15 Add up figures in boxes 1M.2, 1M.3, 1M.4, 1M.6, 1M.7, 1M.8, 1M.10, 1M.11 and 1M.13 and enter the result in box 1M.15.

Benefits and expenses payments received

Enter in boxes 1M.16 to 1M.21 benefits (and expenses payments) provided to you or members of your family or household.

You only pay tax on these if your earnings* from your post or appointment were at a rate of £8,500 a year or more. Do not enter in boxes 1M.16 to 1M.21 any amounts you have already entered elsewhere.

If your church provides you with benefits or taxable expenses payments, they should have sent details of these to the Inland Revenue. The details are provided on the P11D or equivalent document. Your church will either give you a copy of this or tell you what is shown on it.

The details you get will not include any items for which your church has a dispensation and you do not need to include these items on your Tax Return. (A dispensation is an arrangement that your church may have made with the Inland Revenue. It saves you the trouble of including as income a benefit or expenses payment received, then making a matching claim for allowable expenses you incur.)

The taxable amount of a benefit is called the 'cash equivalent'. There is more detailed information about this, the £8,500 threshold and the meaning of 'family or household' in booklet 480: *Expenses and Benefits - A Tax Guide*, available from the Orderline. This booklet also contains further guidance on benefits and expenses.

- Car and car fuel benefits

boxes 1M.16 and 1M.17 Enter the cash equivalent of cars made available to you for private use (or to members of your family or household) in box 1M.16. Your church (or whoever provided the car) should give you a figure.

You also have to pay tax on the benefit of fuel provided for private travel in a car made available to you. Your church (or whoever provided the fuel) will give you a figure for the fuel charge. Enter this in box 1M.17.

Ask the Orderline for *Help Sheet IR203: Car benefits and car fuel benefits* if you want to check any of the figures or work out the cash equivalent yourself.

If you use your own car for travelling in the performance of your duties, see the notes for boxes 1M.11 and 1M.26. If you have been given a car outright, see also the notes on box 1M.6.

- Vicarage or manse services and benefits

box 1M.18 Enter in box 1M.18 any services or other benefits provided in connection with a vicarage, manse or other premises you occupy. Exclude any amounts you have put in box 1M.7 (because they were your responsibility). Examples of what to include here are:

- heating, lighting and cleaning bills and expenses of repairing, maintaining and decorating the premises (including the garden) that are the responsibility of the church**. The cash equivalent is the amount of the bill or expense. However, you should exclude structural repairs and decoration of the exterior of the premises, and any repairs to fixtures and fittings that would be the responsibility of the landlord if the premises were let to you on a tenant's repairing lease. If you need any help, ask your Inland Revenue office or tax adviser
- furniture, soft furnishings, fitted carpets and other normal domestic effects provided for your use**. The cash equivalent of these is usually based on 20% of their open market value when they were first provided as a benefit
- domestic services (other than cleaning). The cash equivalent is the cost of providing these.

If you use the premises partly for performing your duties, apportion the cost of any amount that relates to all the premises and exclude the portion relating to the part used for your duties. However, if you do this you cannot claim a deduction for expenses (box 1M.25) for the excluded amount.

- Interest-free and low-interest loans

box 1M.19 Enter in box 1M.19 the cash equivalent of any interest-free or low-interest loan. Your church (or whoever provided you with the loan) should have given you a figure for this. For more information about the taxation of interest-free and low-interest loans generally, ask the Orderline for leaflet *IR145: Low-interest loans provided by employers*.

* Including benefits and expenses payments received and after making any adjustment to accommodation service benefits on *Help Sheet IR214: Service benefits connected with job-related living accommodation* but before deducting allowable expenses.

** If you are provided with living accommodation that is exempt from tax (see the note on box 1M.8 on page MN2), the taxable amount on these items is subject to a ceiling of 10% of your net earnings (including benefits and expenses). If you think this applies to you, ask the Orderline for *Help Sheet IR214: Service benefits connected with job-related living accommodation.*

• Other benefits

box 1M.20 Enter in box 1M.20 the cash equivalent of any other benefits you received not covered elsewhere in the Ministers of Religion Pages. If your church, or some other body, has made payments for you to an unapproved retirement benefits scheme, or you have received payments from an unapproved retirement benefits scheme, do not include these in box 1M.20. See the notes for boxes 1M.43 to 1M.46. Cash equivalents are arrived at in different ways, according to the type of benefit.

The cash equivalent of private medical or dental etc. insurance is generally what the benefit cost the person who provided it, *minus* any amount made good to that person. If that cost represents benefits for more than one minister or employee, the cash equivalent for each will be based on a proper proportion of the whole amount.

If you were provided with a van, ask the Orderline for leaflet *IR136: Income Tax and company vans - a guide for employees and employers.*

If an asset has been transferred to you, or an asset other than land has been provided for private use (apart from anything in the note on box 1M.18) see booklet 480: *Expenses and Benefits - A Tax Guide* available from the Orderline.

For other benefits, the cash equivalent will generally be what the benefit cost the person who provided it *minus* any amount made good to that person. If that amount represents benefits provided for more than one minister or employee, the cash equivalent for each will be based on a proper proportion of the whole amount. Some of the more common benefits are listed in Working Sheet 1 below. Use this to help you arrive at a total for box 1M.20.

Working Sheet 1 - other benefits

Assets transferred	£
Assets provided for use	£
Telephone(s)	£
Subscriptions	£
Goods or services provided	£
Nursery places provided (see booklet 480)	£
Educational assistance provided (see booklet 480)	£
Relocation allowances (see note below)	£
All other benefits (including food)	£
Total	**A** £

Copy the figure in box A to box 1M.20

Relocation packages

Any payments you receive from, or any goods or services provided to you by, your church or representative body when you move house are part of your taxable earnings. However, if you move house for job purposes and meet certain conditions, the first £8,000 of any help is exempt from tax.

When completing these Pages remember that:

- the £8,000 limit applies to the move as a whole and is not a limit for each tax year, **and**
- your church is required to tell the Inland Revenue about the excess of any relocation expenses and benefits over the £8,000 limit.

Your church should give you details of the amount to include in box 1M.20. More detailed information about relocation packages is in leaflet *IR134: Income Tax and National Insurance contributions on relocation packages*, available from the Orderline.

• Expenses payments made to you

box 1M.21 Enter the total of payments or reimbursements made to you, apart from amounts you have already included in boxes 1M.7 or 1M.10. Do not include amounts for which the church has a dispensation. If you want more information about expenses payments, ask the Orderline for booklet 480: *Expenses and Benefits - A Tax Guide.*

■ *Taxable income, benefits and expenses received*

box 1M.22 Add together figures in boxes 1M.16 to 1M.21.

box 1M.23 Enter in box 1M.23 the amount of your taxable income and benefits as a minister of religion. What this figure is depends on whether your total income, benefits and expenses from your post or appointment were at the rate of £8,500 (or more) a year, or less than £8,500.

If the income, benefits and expenses of your post were at a rate of £8,500 or more, enter in box 1M.23 the total of boxes 1M.15 and 1M.22.

If you were under the £8,500 threshold you can by concession exclude from your taxable income certain sums paid on your behalf (or reimbursed to you) in connection with a vicarage or manse provided to you by a charity or ecclesiastical corporation. To do this, complete Working Sheet 2 entering amounts you have included in box 1M.7 for the items shown in the Working Sheet. Then subtract the total in box B from the figure in box 1M.15 and enter the result in box 1M.23.

Working Sheet 2 - excluded items other benefits

Amounts paid for you or reimbursed to you

• Heating and lighting	£
• Cleaning	£
• Gardening	£
Total	**B** £

Expenses paid out as a minister of religion

These notes tell you about expenses you can deduct in working out the taxable income from your post or appointment as a minister. You can only deduct expenses that you have borne out of the income (including benefits and expenses payments) of your post or appointment. **If benefits and expenses payments you receive are not taxable because you are below the £8,500 threshold, then you must not claim a deduction for expenses you meet out of such non-taxable amounts.**

- Rent

box 1M.24 If you rent a house and part of it is used mainly for your duties as a minister, you may deduct an appropriate part (not exceeding one-quarter) of the rent you pay.

- Maintenance, repairs and insurance of vicarage, manse etc.

box 1M.25 If you are a full-time minister and a church corporation or charity provides you with accommodation in which you reside and from which you perform the duties of your ministry, then you may deduct one-quarter of the expenses borne by you in maintaining, repairing or insuring the premises.

The notes for box 1M.32 tell you when you can claim a deduction in other circumstances; for instance, if you are part-time or perform your duties from a house you own. If you are also claiming a deduction for maintenance, repairs and so on at box 1M.32, you must restrict the one-quarter claimed in box 1M.25 by the amount claimed in box 1M.32. If you need help with this, ask your Inland Revenue office or tax adviser.

- Travelling expenses and capital allowances

box 1M.26 You can deduct travelling costs you had to incur in doing your job or that you incurred in travelling to a temporary workplace which you had to attend to perform your duties.

If you incur business travel expenses when using your own car, motorbike or bicycle, and your church pays you an allowance, see the note for box 1M.11 on page MN2.

If you incur business travel expenses when using your own car, motorbike or bicycle, and your church does not pay you an allowance, you can claim a deduction for the allowable travel expenses. There are two ways of calculating the amount of tax relief:

- the exact basis, **or**
- the simpler basis.

Travel expenses - the exact basis

The allowable travel expenses are the cost of fuel used on business journeys plus the business proportion of other costs such as maintenance, repairs and replacement parts, insurance and vehicle excise duty (road tax). The business proportion is calculated by reference to the business and total miles travelled in the year using that vehicle.

You will need to keep records of all your travel expenses to support this claim. You will also need to keep details of your business and private mileage using the vehicle during the year.

You will also be able to make a claim for capital allowances. If you want to work out your allowable travel expenses and capital allowances for your car, ask the Orderline for leaflet *IR125: Using your own car for work*. If you want to work out your capital allowances for your motorbike or bicycle, ask the Orderline for *Help Sheet IR206: Capital Allowances for employees and office holders*.

Travel expenses - the simpler basis

If you prefer, you can calculate your allowable travel expenses using the simpler basis. You cannot claim capital allowances if you use this method. This is because the figures already allow for capital depreciation.

If you choose this method, you need only keep a record of your total business mileage for each vehicle in the year and, if you use your car, a note of the car's engine size.

You can use the following amounts.

Car

Car engine size	Up to 4,000 business miles (pence per mile)	Over 4,000 business miles (pence per mile)
Up to I,000cc	28	17
1,001 to 1,500cc	35	20
1,501 to 2,000cc	45	25
Over 2,000 cc	63	36

Example
You travelled 6,000 business miles. Your car has a 1,600cc engine. Your allowable costs are:

4,000 miles at 45 pence	£1,800
2,000 miles at 25 pence	£500
Total	£2,300

Motorbike

24 pence per mile, regardless of the engine size of the motorbike or the distance travelled.

Bicycle

12 pence per mile, regardless of the distance travelled.

Once you have identified the expenses you wish to claim

Add together:

- all the allowable travel costs incurred. If you have received any mileage allowance, include only the excess of any allowable expenses over your allowance - ask the Orderline for leaflet *IR125: Using your own car for work*, which contains a working sheet to work out the excess for a car
- the accommodation/meal costs incurred on business journeys
- the other business expenses related to business journeys. These would include, for example, business telephone calls and fax/photocopying costs etc. But they do not include personal items such as the cost of telephone calls home, daily newspapers and personal laundry.

Then enter the total in box 1M.26.

As with all expenses claims, you should keep any record of amounts paid and any receipts/vouchers you have in case your Inland Revenue office asks for them. Do not send them with your Tax Return.

Capital allowances

You cannot claim capital allowances on a car, motorbike or bicycle if you receive a mileage allowance and any profit has been dealt with in the way described in the notes on box 1M.11, or you have calculated your allowable motoring or cycling expenses using the simpler basis set out above. This is because the figures used in these methods already include an amount for depreciation.

If the duties of your ministry require the use of equipment (such as a computer or reprographic machine or theology reference books) and you are obliged to incur the expense of providing this yourself, you can claim capital allowances. Ask the Orderline for *Help Sheet IR206: Capital allowances for employees and office holders*, which contains some examples showing how to calculate the allowance.

- Books

box 1M.27 You can deduct the cost of books you have purchased for use in the conduct of divine service or used directly in the preparation of sermons. No deduction is available for books or periodicals you use for general background reading. However, you can claim capital allowances on substantial theological reference books. See the notes for box 1M.26.

- Stationery, postage and telephone

box 1M.28 Deduct the cost of stationery, postage and an appropriate part of telephone costs incurred in carrying out your duties.

- Robes and expenses of divine service

box 1M.29 You can deduct the cost of repair or replacement of robes worn in the conduct of divine service under church law or by the custom of a particular church. You cannot claim for the cost of everyday clothing worn on other occasions. If you paid for items consumed in divine service, then enter here the amount you spent.

- Secretarial expenses

box 1M.30 You can deduct the cost of secretarial assistance, where this is necessarily incurred in the performance of the duties of your ministry. You cannot deduct sums paid to your spouse for their work as an active member of the church, for example, as leader of a women's group, or for housekeeping.

- Service benefit cap

box 1M.31 If you are over the £8,500 threshold (see 'Benefits and expenses payments received' on page MN3) and the service benefits such as heat, light, repairs etc. connected with accommodation provided to you exceed 10% of the income of your post, ask for *Help Sheet IR214: Service benefits connected with job-related living accommodation*. This will tell you how to calculate the reduction, if any, to the amount of your taxable benefits.

- Other expenses

box 1M.32 If part of the premises where you live is set aside for use in performing the duties of your ministry, for instance if you set aside a study for church business, then you may deduct part of the cost of lighting, heating, cleaning, maintaining, etc. the premises in proportion to the part of the premises so used. Make sure that any part of the expense of repairs, maintenance, etc. claimed here is excluded from any claim you make in box 1M.25.

If it was necessary for you to engage someone to perform temporarily the duties of your office, then you may claim a deduction for the expense.

If in your duties you have to entertain visiting clergy, officers of the church or members of the church on official occasions, you may deduct the cost of providing reasonable entertainment to them. Entertaining on informal occasions or social gatherings is not allowable.

You may also be entitled to a deduction for annual subscriptions to professional bodies approved by the Inland Revenue and relevant to your work. If you are entitled to a deduction, the professional body to whom you pay the subscription can tell you how much may be deducted.

Most of the expenses you can claim have been covered in these notes. You may be able to claim for other necessary expenses you incur solely in performing the duties of your ministry. Necessary expenses are those that each and every minister in your post would have to meet. They have to be expenses that you cannot do your job without incurring and they have to be incurred in actually doing the duties of your post. You may have agreed with the Inland Revenue claims for other items in the past. If so, you should calculate the amount of allowable expenses on the agreed basis. If you are uncertain about what you can claim, ask your Inland Revenue office or tax adviser for help.

box 1M.33 Add together the figures in boxes 1M.24 to 1M.32 and enter the result in box 1M.33.

box 1M.34 Enter in box 1M.34 the figure in box 1M.23 *minus* the figure in box 1M.33.

Other income as a minister of religion

Chaplaincy income

boxes 1M.35 and 1M.36 Enter in boxes 1M.35 and 1M.36 details of any chaplaincy income that is separate from your main appointment. Do not include chaplaincy income you have put in box 1M.13.

Any other income as a minister

boxes 1M.37 and 1M.38 If you receive any incidental income as a minister not entered elsewhere in the Ministers of Religion Pages, enter the income in box 1M.38 and any tax deducted in box 1M.37.

Clergy pension

boxes 1M.39 and 1M.40 Enter any pension received under a Clergy Pension Measure in box 1M.40 and any tax deducted in box 1M.39.

Lump sum and compensation payments including such payments from the Church in which you formerly held an office or employment

boxes 1M.43 to 1M.46 Different rules apply to different types of these payments or benefits, so it is important to apply the correct rules.

First, let us look at redundancy payments from your former employer or from the Church in which you held an office. If you had one of these payments, against which your employer or the Church allows an exemption from tax of up to £30,000, enter the amount of the payment *minus* the exemption in box 1M.45. For example, if your redundancy payment was £40,000, you enter £10,000 in box 1M.45 (£40,000 *minus* the maximum exemption of £30,000).

Don't forget to fill in box 1M.46 (but leave it blank if you have already put the UK tax deducted from the payment, if any, in box 1M.14).

Second, **for any other circumstances you need to complete *Help Sheet IR204: Lump sums and compensation payments*,** available from the Orderline, **before filling in these boxes. In particular, you should complete the Help Sheet if**:

- what you received included items such as back pay, holiday pay, payments in lieu of notice, **or**
- non-cash items were part of the settlement, **or**
- any exemption other than the £30,000 general exemption is involved, **or**
- compensation other than for redundancy is involved, **or**
- there will be further payments or benefits made after 5 April 2001 from the same termination of office or employment, **or**
- you have received other sums on termination of employment or office from the same employer or another employer associated with that employer at any time, **or**
- you received a lump sum from an unapproved retirement benefits scheme, **or**
- your employer contributed to an unapproved retirement benefits scheme.

Enter in box 1M.46 the UK tax deducted from lump sums and compensation payments.

■ *Foreign earnings and foreign earnings deduction*

box 1M.48

Foreign earnings

You may not be liable to UK Income Tax in the year ended 5 April 2001 on all your income if:

- you have claimed non-residence or non-domicile treatment for the 2000-2001 tax year, or split-year treatment for that year (if you were not resident for part of the year), **or**
- you made such a claim in a previous year, and have included income earned in that year in Ministers of Religion Pages, **or**
- you have included income in the Ministers of Religion Pages that relates to a later year and you think that you will be claiming non-residence or non-domicile treatment for that later year, **or**
- you received income in a foreign country that you could not bring to the UK because of exchange controls or a shortage of foreign currency in that country.

Liability may arise, though, in earlier or later years. It is also possible that you may be liable to income tax in another country.

Use the Working Sheet in *Help Sheet IR211: Employment - residence and domicile issues* to work out the part of your income and receipts that is not taxable and include this amount in box 1M.48. Make a note of what you have done in the 'Additional information' box, box 1M.53 on Page M2.

Foreign Earnings Deduction

The Foreign Earnings Deduction was withdrawn as of 17 March 1998 for all employees except seafarers. From that date only seafarers may claim the Deduction. A seafarer is defined as 'someone who performs their employment duties on a ship'. 'Ship' is given its everday meaning, however, 'offshore installation' used in the off-shore oil and gas industry are not regarded as 'ships'. Workers on mobile rigs are not 'seafarers' and may not claim the Deduction.

If you think this applies to you, ask the Orderline for *Help Sheet IR205: Foreign Earnings Deductions for Seafarers*.

■ *Foreign tax*

box 1M.49 If you have paid foreign tax on your ministry income, you may be able to claim tax credit relief. Ask your Inland Revenue office or tax adviser for details. If you want to claim tax credit relief, fill in the Foreign Pages, available from the Orderline, and leave box 1M.49 blank.

If you do not want to claim tax credit relief enter in box 1M.49 the amount of any foreign tax you have paid on the ministry income shown on the Ministers of Religion Pages.

box 1M.50 Add the figures in boxes 1M.14, 1M.41 and 1M.46 together and enter the total in box 1M.50.

box 1M.51 Add up the figures in boxes 1M.34, 1M.42 and 1M.47, subtract any figures in boxes 1M.48 and 1M.49, and enter the result in box 1M.51.

Student Loans

■ *Student Loans repaid by deduction by employer*

box 1M.52 Enter in box 1M.52 the amount of any Student Loan repayments deducted by your employer and included on your P60 or payslips. The P60 does not include any Student Loan repayments deducted by any previous employer. So if you had more than one post or appointment in the year you must use your payslips, in addition to the P60, to work out the figure to go in box 1M.52 on your Minister of Religion Pages.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.